



**CALFED
BAY-DELTA
PROGRAM**

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TO : BDAC Members

FROM : Lester Snow
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SUBJECT: Executive Director's Report

Summary

This report highlights recent activities and progress in different program areas of the overall CALFED Program. It also discusses recent actions pertaining to CALFED taken by CALFED's policy leaders, Interior Secretary Babbitt and Governor Davis, and by the California legislature.

Detailed Report

1. CALFED Policy Direction

Secretary Babbitt and Governor Davis met on August 18th to discuss key elements of California's water future, including the CALFED Program. Their discussions at that meeting provided CALFED with clear policy direction that has helped us focus our efforts through the end of this year. Both the Secretary and the Governor stressed the importance of CALFED's developing innovative approaches to restore the health of the estuary while providing more reliable supplies of clean water for cities, farms and fish. They directed CALFED and agency staff to develop a framework for two key elements of CALFED's Water Management Strategy--the Environmental Water Account and the Integrated Storage Investigation--by the end of 1999. We are proceeding vigorously on both of these efforts.

Secretary Babbitt and Governor Davis also discussed progress on other key elements of the CALFED Program, including ecosystem restoration, water use efficiency, water marketing and transfers, drinking water quality, watershed and floodplain management and the proposed water management improvements for the South Delta. A copy of the press release from this meeting is included in your packet. Progress in each of these program areas follows in this report.

CALFED Agencies

California The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board
Department of Food and Agriculture

Federal Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Geological Survey
Bureau of Land Management
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
U.S. Forest Service
Department of Commerce
National Marine Fisheries Service
Western Area Power Administration

2. Program Funding

The California legislature has forwarded to the Governor a water bond measure. The bond act, entitled, "Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act," will appear on the March 2000 ballot. The bond act requests a total of \$1.970 billion for a wide range of water programs, including conjunctive use, watershed protection, conservation, recycling, water quality improvement, and Delta improvements. Please see the attached three-page summary (Attachment 1).

3. Recent Endangered Species Action by the National Marine Fisheries Service

On September 9th the National Marine Fisheries Service added two additional salmon runs to its list of threatened species. Listed were the Central Valley spring run chinook and the California coastal chinook.

Recent CALFED Program Activities

4. Water Management Strategy

Over the past two months since the last BDAC meeting, the CALFED Program has continued its focused efforts on several elements of the overall Water Management Strategy, including the Environmental Water Account, hydro project re-operation, evaluation of fish barrier modifications and the Integrated Storage Investigation. The Program will also be obtaining consultant assistance in an intensive work effort over the next two months to refine the broad conceptual framework for the Strategy. A detailed discussion of work efforts on the overall Strategy is described in the overall Water Management Work Plan, which is currently under revision and may be available on September 17th.

At its August 12th meeting in Sacramento the CALFED Policy Group concurred with staff that a team should be formed to address the issues associated with developing the detail necessary to implement an Environmental Water Account (EWA). The past several months of intensive investigations and modeling have shown that an EWA has to be linked to other water management features of the CALFED Program. Therefore, the EWA will be developed as part of a broader Water Management Plan which will include tools for achieving improved water supply reliability for all uses. A Water Management Development Team has recently been formed and is composed of agency and stakeholder representatives who will develop the framework to guide the implementation of the EWA and other reliable water supply strategies. The team will develop the information needed for decision-making on the mix and size of assets, governing rules, possibilities of use, potential contracts, and finance. It is anticipated that the team will meet on a weekly basis through October to guide decisions critical to the development of the EWA. As the process moves forward, the meeting schedule may intensify. Governor Davis and Secretary Babbitt requested that significant progress in development of the framework for the EWA be made by mid-November, and that the draft framework be completed by mid-December of this year.

To support the WMDT, a technical coordination team has also been identified that will provide the necessary modeling and technical analysis for the Development Team. Other existing CALFED technical groups will also be available to provide support for the WMDT. The WMDT will take its recommendations to BDAC for review and comment and to the CALFED Policy Group for review, comment and approval by the end of this year.

5. EIS/EIR Public Hearings

CALFED will have convened a total of sixteen public hearings by the close of the comment period on September 23rd. One hearing site was added in Los Banos on September 13th. As of September 9th, 11 hearings had been held, with about 1,470 people in attendance and around 460 speakers. Regional differences among the most common comments made have been rare. Each of the three major interest groups, particularly agriculture, is attending each of the hearings and repeating the same issues. Each interest group has emphasized the following:

(a) Agriculture

- The potential loss of agricultural land and water in the CALFED Program is unacceptable. These losses have repercussions across local, regional, state, national and world economies. CALFED needs to look at a preferred alternative that has less impact on agriculture. Clearly defined mitigation measures are necessary to offset the impacts.
- Agriculture is working hard to conserve as much water as possible. However, additional water storage, both groundwater and surface, are needed to meet projected population needs for food and fiber.

(b) Urban

- There is a lack of commitment to improve water quality and reliability and to increase water supply. CALFED needs to assure a verifiable increase in supply and quality.
- CALFED needs to establish a specific schedule for achievement of water quality and salinity targets, and needs to establish water quality performance milestones.
- There must be a commitment to an Endangered Species no-surprises policy; i.e., a "deal is a deal" regulatory assurance for water users to insure against further erosion of water supplies.
- Urban areas have been practicing extensive conservation; however, additional storage will be needed to meet ever increasing populations.

(c) Environmental

- There is a lack of serious water conservation in the plan. The program needs to include a "soft path" solution. CALFED needs to support water pricing reform if conservation is going to work.
- The proposed North Delta Diversion is the first step in building a Peripheral Canal. This facility, as well as the P.C., should be deleted from further consideration.
- The Program should not construct new dams. Some commentators stated that it was ludicrous to propose as a solution the very thing (dams) that caused the problems.

(d) Selected local comments

- At Stockton there was substantial concern about the proposed South Delta actions, particularly the delayed decision on a Grant Line Canal barrier. Concern was also expressed that the potential North Delta diversion is the beginning of the Peripheral Canal.
- The Bay Area commentors (Oakland and San Jose) asked when the Program will deal with the "Bay" part of the Bay-Delta Program.
- Southern California commentors believe CALFED has abandoned the isolated conveyance facility (Peripheral Canal).
- Agricultural interests in Salinas and Santa Rosa questioned why they were part of CALFED's Solution Area. They were concerned that the "government" was going to take their water and land.
- Environmental Justice comments were noted in Salinas, Oakland and Antioch. Commentors requested CALFED take a closer look at consequences; that Environmental Justice groups be funded so they can participate in the Program, and that BDAC include a member who would speak for Environmental Justice issues.

6. Water Quality Program

Since the release of the revised Programmatic EIR/S, the Water Quality Program has been planning the early implementation phase for the South Delta Improvements and identifying an interim governing process. Four water quality action areas have been identified as priority actions as part of the South Delta Improvements. They include:

- Low dissolved oxygen solution alternatives in the San Joaquin River
- Improved source water quality for Rock Slough intake
- Salinity/selenium drainage management measures for the San Joaquin River
- Assessment of sources and magnitudes of loadings of constituents of concern for drinking water.

Four Work Groups have been formed to address each of these action areas. These Work Groups have been meeting to identify feasible projects or studies as well as helping to develop an implementation plan to begin the process of implementation.

The Water Quality Program has also been working towards developing the Delta Drinking Water Council, a subcommittee of BDAC, and a part of the interim governing structure. The mission of the Council is to advise the CALFED Program and the CALFED Policy Group through BDAC on necessary adaptations to the CALFED Drinking Water Improvement Strategy to achieve CALFED's drinking water objectives. A copy of the draft Council description is attached (Attachment 2).

7. Watershed Program

The Watershed Program continues to refine elements of the programmatic plan. Four specific subject areas are currently receiving attention.

- Developing a sound process to identify and select watershed program priority activities for both the near term (next one to two years) and the first seven years (Phase I) of the program.

- Creating an effective mechanism for interagency coordination and cooperation to support the Watershed Program. This effort includes identifying the various programs and activities which can contribute in a coordinated and cooperative fashion towards implementation of the watershed program.
- Working with the Resources Agency, the California Biodiversity Council, watershed stakeholders and others to define the role of the CALFED Watershed program, within the broader context of statewide watershed management efforts.
- Working with CMARP and other scientists to refine the watershed monitoring element of CMARP's current monitoring plan. The watershed program is also beginning to work with CMARP and other scientists to develop an initial set of monitoring "protocols" which can be used to measure a range of watershed conditions, and evaluate the effectiveness of project and program actions carried out by the watershed program.

Each of these planning activities is being carried out in close coordination with CALFED agencies through the Interagency Watershed Advisory Team, and watershed stakeholders through BDAC's Watershed Workgroup. The Watershed Program is also working internally with other CALFED programs in the development of priority setting and decision making

8. Water Transfer Program

The CALFED Transfer Agency Group continues to meet regularly to develop work plans to resolve remaining issues, such as establishing consistent reservoir refill requirements, establishing tracking protocols for instream water transfers, and establishing impact disclosure requirements. In addition, a special team of CALFED USBR, and DWR staff is working to develop a more efficient water transfer application process. This work has included interviews with agency personnel in USBR offices throughout the state who are primary reviewers of CVP-related water transfer applications. By the end of the year, an initial version of a computer-based interactive application system will be developed.

9. Water Use Efficiency Program

Refinement of the Water Use Efficiency Program element continues with the development of agricultural, urban and water recycling components.

(a) Agricultural Water Use Efficiency

Work on the agricultural component is focusing on the development of quantifiable objectives. Draft targeted benefits, which are the foundation of these quantifiable objectives, have been developed for the CALFED Ecosystem and Water Quality Program objectives. On September 3rd, CALFED staff and consultants made a presentation to the Northern California Water Association managers' group. Local reaction to the program was positive, and a tentative agreement was obtained to cooperate and to share data. Work over the next months will continue to define the quantifiable objectives with local technical experts.

(b) Urban Water Use Efficiency

An informal group of urban and environmental stakeholders have drafted initial priorities for urban Best Management Practices (BMPs), based on their potential to help CALFED meet water quantity, quality and flow objectives in various regions. Work over the next months will focus on completion of CALFED's urban conservation certification proposal and drafting urban and recycling incentive plans.

10. CALFED FY 2000 Implementation

The CALFED Policy Group is in the process of refining the set of CALFED early implementation actions for funding in FY 2000. These priorities will be presented to the Policy Group at its next public meeting on October 5th in Sacramento. Until recently the Program has attempted to portray the integrated nature of early Stage I implementation by assembling these actions into bundles defined either functionally, as in the Water Management bundle, or geographically, as in the Lower San Joaquin River/South Delta bundle. However, these proposed Stage I bundles have not been effective in illustrating the integration of program implementation. As such, CALFED staff is attempting to develop a better method of displaying the coordination and integration of program implementation on a geographic basis. The Policy Group will review and approve the Program actions which have been identified as high priority for FY 2000, according to each program's objectives. These are actions which the Program has concluded are necessary in early Stage I to build a strong foundation for the ongoing program and to ensure achievement of Stage I objectives.

11. CALFED Governance

At its last meeting on August 12th, the CALFED Policy Group approved the proposed features of interim CALFED governance, including the role of BDAC. Since that time, CALFED staff have focused on developing a proposal for long-term governance of the CALFED Program. At the request of CALFED, California Environmental Trust convened a small group of Policy Group members and stakeholders in early September to discuss and develop a draft proposal for long-term governance. In preparation for that meeting, CET was asked by Policy Group members to prepare a draft proposal for overall CALFED governance to be used for discussion purposes. A follow-up meeting of the small governance group is scheduled for late September to refine a proposal and work through areas of disagreement. The BDAC Governance Workgroup will also discuss long-term governance and the draft proposal on September 14th. Based on recommendations made in these preliminary meetings, we expect to provide a general framework for long-term CALFED governance to BDAC and Policy Group in October.

The draft CET proposal focuses on creation of a new commission established through state and federal legislation, to oversee and coordinate the CALFED program. According to this proposal, the commission would have state and federal agency representatives and public members, an executive director, and staff to coordinate and oversee program implementation. A significant number of issues remain open at this time, including where to house the day-to-day responsibility for managing the ERP and other programs. One option being considered is to house management of the ERP within the new commission.

12. CALFED Finance

Recent activities relating to CALFED finance have focused on near-term finance, including preparation of an FY 2000 cross-cut budget, FY 2001 budget requests, and the recently approved state water bond measure.

In response to a request by Congressman Doolittle, CALFED is preparing a cross-cut budget for FY 2000. The principal purpose of the cross-cut budget is to identify those programs and funding where coordination should be increased. The cross-cut budget will identify all the programs and funding within state and federal agencies that related to CALFED objectives. This information also will determine how much additional funding will be needed on an annual basis to implement CALFED priorities. A copy of the cross-cut budget will be provided to BDAC later in September.

13. Levees Program

(a) Levee System Integrity Program

The Emergency Response Sub-team of the Levees and Channels Technical Team is refining the current draft of the Delta Levee Emergency Management and Response Plan. This document outlines needed improvements in local, state and federal emergency response capabilities to help mitigate the risks to Delta levees from floods, seepage, subsidence, earthquakes, etc. The current draft of this Plan is included in Appendix F of the Levee System Integrity Plan.

(b) North Delta Regional Plan

CALFED's North Delta Improvements Team is assisting CALFED staff in the development of a coordinated regional solution to Ecosystem, Watershed, Water Quality, Water Supply Reliability and flood control concerns in the Lower Sacramento River--North Delta Region. The Team is performing initial scoping and stakeholder outreach in preparation of an EIS/R scheduled to begin later this year. The Team is comprised of stakeholders.

14. Comprehensive Monitoring Assessment and Research Program (CMARP)

CMARP is progressing on several different fronts. The following are summaries of significant efforts:

(a) Drinking Water Workshop

CALFED staff held a drinking water workshop on August 26th and 27th. A summary of major points, including recommendations for future monitoring, data assessment, information development, and research is being prepared.

(b) Status and Trends Monitoring Program

Effort continues to develop a report that describes the baseline monitoring elements of major programs in the estuary. The report will assess the value of the present monitoring network to Stage I needs, and provide recommendations to provide adequate coverage.

(c) Science Conference

CALFED is in the preliminary stages of organizing a Science Conference scheduled for Fall 2000. The conference will be used to provide information on the findings/results of selected Category III projects, as well as other scientific issues germane to CALFED programs.